

(c) whether a request has also been made in regard to monthly grant in order to cover the deficit incurred by the College; and

(d) if so, the reaction of Government thereto?

The Minister of Railways (Shri C. M. Poonacha): (a) Yes

(b) Yes

(c) Yes

(d) It is not the policy of the Railway Ministry to take over the management of private educational institutions or to agree to financial assistance from Railway Revenues to institutions beyond Higher Secondary standard. The request, therefore, could not be agreed to.

Republic Forge

6377 Shri Madhu Limaye:
Dr. Ram Manohar Lohia:
Shri S. M. Banerjee:
Shri George Fernandes:
Shri M. R. Krishna:

Will the Minister of Industrial Development and Company Affairs be pleased to refer to the reply given to Unstarred Question No 2878 on the 2nd December, 1968 and state whether any legal action has been taken against Dr Dharma Teja, Republic Forge for issuing shares before the receipt of the stipulated sums and before securing the prior permission of the Reserve Bank of India?

The Minister of Industrial Development and Company Affairs (Shri F. A. Ahmed): No legal action has been taken against Dr Dharma Teja, Republic Forge for the reported irregularities. The position regarding these irregularities is as follows:—

(i) *Issue of shares before the receipt of the stipulated sums.*

According to the Auditors of the Republic Forge Company, there was

a delay of three to four months on the part of the company in encashment of five cheques for Rs. 2,25,000—received from the Jayanti Shipping Company towards the allotment of 10,100 shares to Dr Dharma Teja. The Directors of the Company in their report to the share-holders have stated that this was only an omission and will be avoided in future.

(ii) *Issue of shares before securing the prior Permission of the Reserve Bank of India*

Dr J Dharma Teja as the main Promotor of the Company and its Director, had decided to invest Rs. 15 lakhs in the Company and an application was, therefore, made by the Company to the Reserve Bank of India for permission to issue 15,000 Equity Shares (of the face value of Rs 15 lakhs) to Dr. J Dharma Teja and Mrs Ranjit Teja. The Reserve Bank of India granted permission on the 18th March 1964 to allot 15,000 Equity Shares of Rs 100/- each for cash at par to Dr Teja and Mrs Teja subject to the following conditions:—

(i) Subscriptions for the shares to be issued to Dr. Teja and Mrs Teja, non-residents, will be received from France in cash through banking channels and bank certificates in support thereof produced to the Reserve Bank of India in due course

(ii) The Share Certificates when issued will be held in India with the Company/an authorised dealer in Foreign Exchange and will not be disposed of in any manner without the Reserve Bank's permission

In pursuance of the above permission Dr. J Dharma Teja was allotted 50 Equity Shares of Rs 100/- each on 27-3-1964 and 10,000 Equity Shares of Rs. 100/- each on 29-4-1965. In fulfilment of the first condition, the Company took up the matter with the

Jayanti Shipping Company for furnishing the bank certificates to the Reserve Bank of India in support of proof of funds obtained from France through banking channels for the proposed allotment of Shares to Dr Teja. The Jayanti Shipping Company confirmed in reply that Dr. Teja had a credit of Rs 11,25,693 07 in their books. The requisite bank certificates in proof of these funds were submitted to the Reserve Bank of India by the Jayanti Shipping Company. Subsequently, the Reserve Bank of India, Madras in their letter of 12th May 1966, held the allotment of 10,150 Shares to Dr Teja to be in order. As regards the second condition, the Share Certificates are still with the Company.

**India Belting and Cold Storage
(Private) Limited, Serampore**

**6378. Shri Madhu Limaye:
Dr. Ram Manohar Lohia:
Shri S. M. Banerjee:
Shri George Fernandes:**

Will the Minister of Industrial Development and Company Affairs be pleased to refer to the reply given to Unstarred Question No 560 on the 29th November, 1966 and state:

(a) whether the special auditors' report on the accounts of the India Belting and Cold Storage (Private) Limited, Serampore, has since been received by Government;

(b) if so, the action taken on the report;

(c) the action taken for the company's failure to submit Balance-sheet and to hold the annual General Meeting; and

(d) in case the case has already been filed, the stage reached in the prosecution?

The Minister of Industrial Development and Company Affairs (Shri F. A. Ahmed): (a) and (b) By their Order dated 10th November, 1966, the

Company Law Board directed that a special audit of the accounts of India Belting and Cotton Mills Limited shall be conducted by Shri R. S. Lodha of Messrs Lodha & Company, Chartered Accountants, Calcutta, for the period from 1st July, 1959, to 30th June, 1965. Subsequently, on a petition filed by the company under Article 226 of the Constitution of India questioning the validity of the Order, the High Court, Calcutta, served an interim injunction on the special auditor restraining him from conducting the special audit. The main petition is still pending before the Court. As such, the question of the Special Auditor looking into the loan of Rs 1,51,825 made by the Company to the India Belting and Cold Storage Private Limited allegedly in contravention of section 370 of the Companies Act, 1956, will not arise until the Court is pleased to pass orders on the main petition.

(c) and (d) On 26th November, 1966, prosecution was launched against the company and four directors under sections 162(1) and 220(3) of the Companies Act, 1956, with respect to the balance sheet and annual return of the company for the year 1965. On 18th May, 1967, the accused were convicted and fined Rs 10 each on each count. The Magistrate also passed orders under section 614A of the Companies Act 1956, directing the accused to file the documents by the 19th October, 1967.

**Duncan Stratton and Company
Limited**

**6379. Shri Madhu Limaye:
Dr. Ram Manohar Lohia:
Shri S. M. Banerjee:
Shri George Fernandes:**

Will the Minister of Industrial Development and Company Affairs be pleased to refer to the reply given to Starred Question No 566 on the 29th November, 1966, and state:

(a) whether the prosecution has since been launched against Duncan